

TOURISM IN BRAZIL WILL GROW 21.9% DESPITE THE LOSSES CAUSED BY COVID



Brazil's tourism revenues will increase by 21.9% this year despite the millions of dollars in losses the sector has accumulated since the pandemic hit the country, according to estimates released by the National Confederation of Trade in Goods, Services and Tourism (CNC in Portuguese).

Between March last year and October 2021, tourism in Brazil has lost 453 billion reais (about \$80.892 billion), according to the data. In 2020 alone, the revenues decreased by 36%.

Sao Paulo and Rio de Janeiro - the main cities hit by the pandemic - lead the losses ranking and account for more than half (55%) of the national losses.

However, the sector has been gradually recovering since March, although the revenues are still 19.5% below those recorded in February 2020, before the pandemic. In October, the Tourism Activities Index reached 80% of the levels recorded in February 2020. Compared to the previous month (September), the economic activity of tourism in Brazil registered a growth of 1%, the sixth consecutive positive month. Thanks to that, the accumulated benefits between May and October already reached 51.2%, reducing the gap from the figures recorded before the Covid-19 pandemic.

The Confederation's projections show that in addition to the 21.9% growth in revenues this year, despite the cancellation of important national events, such as the "Reveillon" in Rio de Janeiro - the traditional New Year's Eve party that gathers millions of people on Copacabana beach -, the result will also be positive for 2022 when a 2.4% increase in revenues is expected.

"The expectation for these activities in the coming months remains favorable, despite the fact that the restrictions and the cancellation of some important events will delay the full recovery of revenue generation potential, which we believe will occur after August 2022," said Fabio Bentes, CNC economist responsible for the analysis.

According to the study, after the covid infection peak points recorded in Brazil, social isolation measures caused a downward trend, standing only 2% above that recorded at the end of February 2020.

However, the scenario remains unsure, since the high rate of inflation in the country "is contaminating the prices of services and the tourist sector". Inflation in Brazil reached 10.74% in the last twelve months before October 2020, driven by high gasoline prices. Inflation has been more than double than the one expected (3.75% for this year), with a tolerance margin of 1.5%.

With the year-end and holiday season approaching, many Brazilians are gearing up to travel, even with high airfare prices and a new COVID-19 variant. The flow of tourists has left the sector's entrepreneurs optimistic.

A survey with hotel and restaurant company unions indicates that **61% of those interviewed expect a growth in sales compared to last year.** Of these, 31.5% believe in a boost of up to 30%. According to the Brazilian Federation of Accommodation and Food, more than half of the

businessmen have hired new employees.

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